

IN THE HAZARDOUS WASTE MANAGEMENT COMMISSION
STATE OF MISSOURI

In Re:)
)
The Doe Run Resources Corporation) Appeal No. SF-0 1-1A
d/b/a The Doe Run Company)
Herculaneum Smelter)
881 Main Street)
Herculaneum, Missouri 63048)

IN THE CLEAN WATER COMMISSION
STATE OF MISSOURI

In Re:)
)
367 The Doe Run Resources Corporation) Appeal No.
d/b/a The Doe Run Company)
Herculaneum Smelter)
881 Main Street)
Herculaneum, Missouri 63048)

IN THE AIR CONSERVATION COMMISSION
STATE OF MISSOURI

In RE:)
)
01-126-A The Doe Run Resources Corporation) Appeal No.
d/b/a The Doe Run Company)
Herculaneum Smelter)
881 Main Street)
Herculaneum, Missouri 63048)

SETTLEMENT AGREEMENT

WHEREAS, on September 25, 2001, the Missouri Department of Natural
Resources (MDNR) issued an Order to Abate and Cease and Desist Violations (Order) to
The Doe Run Resources Corporation (Doe Run), alleging, among other things, that Doe

Run was violating the Missouri Hazardous Waste Management Law, the Missouri Clean Water Law, the Hazardous Substance Emergency Law and the Missouri Air Conservation Law at the Doe Run-Herculaneum smelter in large part due to lead dust from lead concentrate hauling operations in and through the City of Herculaneum, Missouri, contaminating streets, yards and structures in the city;

WHEREAS, on or about October 5, 2001, Doe Run filed timely appeals of the Order before the Missouri Hazardous Waste Management Commission, the Missouri Clean Water Commission and the Missouri Air Conservation Commission;

WHEREAS, the State of Missouri (State), MDNR and Doe Run have agreed to the making of this Settlement Agreement as a resolution of all claims arising out of the Order, including the resolution of the above-referenced appeals.

I. APPLICATION AND BINDING EFFECT

1. This Settlement Agreement shall apply to and be binding upon the parties executing this Settlement Agreement, their officers, agents, successors, assigns, and other persons acting under, through, or for the parties agreeing hereto.
2. Through this Settlement Agreement, MDNR and Doe Run wish to resolve all outstanding disputes between them regarding the Order for injunctive relief and civil penalties.

II. STIPULATION OF USE AND AUTHORIZATION

3. The parties agree that this Settlement Agreement is entered into for the purposes of settlement only, and that neither the fact that a party has entered into this Settlement Agreement nor any of the facts alleged herein shall be used against any party hereto in this or any other proceeding except with the consent of the parties hereto or except to the extent necessary to enforce the terms hereof by the parties to this Settlement Agreement. The undersigned representatives for each of the parties hereby represent and warrant that they have the full authority to execute this Settlement Agreement and to legally bind the respective parties to each and all of the terms and conditions of this Settlement Agreement.

III. COVERED MATTERS, RELEASE, AND RESERVATION OF RIGHTS

4. This Settlement Agreement covers all issues raised in the Order and Notices of Violation Numbers 6313, 6315, 50038, 5502 and 50042.

5. The U.S. Environmental Protection Agency is not a party to this Settlement Agreement and does not release any claims whatsoever it may have against Doe Run under any federal law.

6. Doe Run shall at all times hereafter remain solely responsible for compliance with the Missouri Hazardous Waste Management Law, the Missouri Hazardous Substance Emergency Law, the Clean Water Law, the Missouri Air Conservation Law, applicable regulations and this Settlement Agreement.

7. The State and MDNR expressly reserve all rights to bring or make any claim against Doe Run based on any future failure of Doe Run to comply with this Settlement Agreement, any violations of the state law, and/or applicable regulations.

8. This Settlement Agreement supercedes the Order, and the parties agree that the obligations contained therein are satisfied by this Settlement Agreement.

9. Doe Run shall dismiss the above-styled appeals within seven (7) days of the date it executes this Settlement Agreement.

IV. CIVIL PENALTY

10. In any event, Doe Run shall pay a civil penalty in the amount of One Million Dollars (\$1,000,000.00). The One Million Dollars (\$1,000,000.00) civil penalty is hereby suspended on the condition that Doe Run successfully complies with the provisions in paragraphs 20 through 22 of this Settlement Agreement. If Doe Run fails to comply with any of the material provisions of paragraphs 20 through 22, the penalty shall immediately be due and payable. Doe Run shall mail a cashier's check made payable to the Jefferson County Treasurer as Trustee for the Jefferson County School Fund to: Shelley A. Woods, Assistant Attorney General, or designee, P.O. Box 899, Jefferson City, Missouri 65102.

11. Nothing in this Settlement Agreement forgives Doe Run from future noncompliance with any of the laws of the State nor requires the MDNR or the State to forgo pursuing by any legal means any noncompliance with the laws of the State.

V. RELEASE PREVENTION

12. On September 17, 2001, the U.S. Environmental Protection Agency (EPA) sent a letter to Doe Run invoking the provisions of Section XXV of the Administrative Order on Consent for Doe Run's lead smelter in Herculaneum, Missouri, docket number RCRA-7-2000-0018, CERCLA -7-2000-0029.

13. As a result of a second Administrative Order on Consent entered into by EPA and Doe Run on December 21, 2001, Doe Run submitted a Transportation and Materials Handling Plan for EPA review and approval. Doe Run submitted said Transportation and Materials Handling Plan on or about January 31, 2002. The EPA did not approve the Transportation and Materials Handling Plan and instead provided Doe Run with numerous comments to said Transportation and Materials Handling Plan. A revised Transportation and Materials Handling Plan was submitted on April 3, 2002.

14. The Transportation and Materials Handling Plan submitted to EPA was also submitted to the MDNR for its review. The Transportation and Materials Handling Plan shall include all actions necessary to minimize to the extent practicable exposure of the citizens of Herculaneum, Missouri, resulting from the transportation and handling of materials containing lead.

15. Doe Run is re-negotiating a contract with a railroad for the hauling of the lead ore concentrate from Doe Run's mines to the Herculaneum smelter. Once Doe Run obtains the railroads approval, Doe Run shall begin to use rail to haul lead concentrate entering the facility. Doe Run intends to maintain a long-term contract with the railroad and will target utilizing rail for eighty percent (80%) of its lead concentrate. If Doe Run fails to meet the eighty percent (80%) target within one (1) year from the date of this Settlement Agreement, Doe Run shall propose modifications to the Transportation and Materials Handling Plan to address this issue.

16. Doe Run shall comply with the provisions of the approved Transportation and Materials Handling Plan and any amendments thereto. Compliance with the terms of the approved Transportation and Materials Handling Plan shall be in compliance with Corrective Actions Required Numbers 1, 2 and 3 contained in the Order. Further, once the EPA approves the Transportation and Materials Handling Plan, and Doe Run begins implementing the Transportation and Materials Handling Plan, the MDNR will remove the signs warning of lead dust in the streets.

17. Doe Run has complied with the provisions of the September 17, 2001, request for additional work from EPA and MDNR. Said compliance with the terms of the September 17, 2001, letter constitutes compliance with Corrective Actions Required Number 6 contained in the Order.

18. Doe Run shall continue to comply with the provisions of the December 21, 2001, Administrative Order on Consent, which requires additional work from Doe Run, including, but not limited to, the clean up of indoor lead dust contamination found in residences in Herculaneum, Missouri. Continued compliance with the December 21, 2001, Administrative Order or Consent constitutes compliance with Corrective Actions Required Number 4 contained in the Order.

19. Doe Run shall propose revised haul routes no later than July 31, 2002, for approval by the MDNR and the City of Herculaneum (City), Missouri. The new haul routes shall be through areas depicted on Exhibit B that minimize contact with occupied properties. Doe Run may propose re-routing the haul routes at any time. Any re-routing of the haul routes must first be approved by the MDNR and the City.

VI. VOLUNTARY PROPERTY PURCHASE

20. The Herculaneum Voluntary Property Purchase Plan (Purchase Plan) is incorporated by reference into this Settlement Agreement as Exhibit A. Any inconsistencies between this Settlement Agreement and the Purchase Plan shall be

resolved in favor of the Settlement Agreement provisions. The Purchase Plan shall include procedures for offering to purchase the residence of any person residing within the area as depicted on the map attached hereto as Exhibit B, and by this reference, incorporated herein, who requests it. Doe Run shall purchase the residences in accordance with the Purchase Plan.

21. Doe Run shall not condition any property acquisition on the homeowner providing Doe Run a release from any liability Doe Run might otherwise have or by requiring the homeowners to in any way waive any rights or claims the homeowners might otherwise have against Doe Run. Doe Run shall immediately implement the Purchase Plan, which includes the offer to purchase the homes of anyone having a child less than seventy-two months of age living within the area depicted on Exhibit B. Following the offer to purchase the homes of anyone having a child under seventy-two months of age, Doe Run shall offer to purchase the remaining homes within the area depicted on Exhibit B during a period ending December 31, 2004. All offers to purchase homes within the area depicted on Exhibit B shall remain open until the December 31, 2004, date. The prioritization of acquisition offers shall be made based on the risks to human health, including the location of the haul route, the potential for recontamination and in consultation with the Missouri Department of Health and Senior Services. Additionally, whenever Doe Run is notified that a child under seventy-two

months of age or an expectant mother has moved into or is in the area depicted on Exhibit B, Doe Run shall prioritize its acquisition proposal for that residence.

22. Following the purchase of a home, Doe Run shall leave the residence vacant until such time as either Doe Run demolishes the residence or the redeposition studies, which will use monitoring that begins after June 1, 2002, are complete and the Department of Health and Senior Services, the MDNR, the City and Doe Run agree re-occupancy of a residence is not a risk to human health. Doe Run shall discontinue renting residences it owns as of the date of this Settlement Agreement once the individuals now renting vacate the property, or until December 31, 2004, whichever date is the earlier. Doe Run shall let any current renters who so elect out of any lease agreements in place at the time of this Settlement Agreement. Upon notification, MDNR, in consultation with the Missouri Department of Health and Senior Services, may approve exceptions to any residency prohibition requirements of the Settlement Agreement or the Purchase Plan on a case-by-case basis.

23. Nothing in this Settlement Agreement shall be construed to prohibit the State from seeking to address the results of any identified health risks or recontamination.

24. Once Doe Run, MDNR the Department of Health and Senior Services and the City agree that the acquired properties may be re-used, Doe Run shall submit a Property Management Plan for State approval to ensure that at risk populations will not reside in Doe Run-owned residences.

VII. OVERSIGHT COSTS

25. Doe Run shall pay MDNR's oversight costs not otherwise reimbursed by the EPA and otherwise authorized to be paid by Doe Run under CERCLA and/or Missouri law. On a periodic basis, the MDNR will submit to Doe Run a bill for response costs incurred after the, date of this agreement. The bill will include an explanation and documentation of its response costs. The MDNR will send the original bill to Clifton Gray, General Manager, 881 Main Street, Herculaneum, Missouri 63048.

26. However, payment of the bills is hereby postponed for a period of two years from the date of this Settlement Agreement. Once the two (2) year period has elapsed, Doe Run shall make payment of the response costs by check for the total amount of the bill made payable to the "Hazardous Waste Remedial Fund," to the following address:

Missouri Department of Natural Resources
Superfund Section
Attention: Leslie Wamser
Post Office Box 176
Jefferson City, Missouri 65102-0176

27. In the event that the postponed payment is not made within forty-five (45) days of the date due, Doe Run shall pay Interest on the unpaid balance. Interest is established at the rate specified in section 107(a) of CERCLA. The Interest on Response Costs shall begin to accrue on the forty-sixth (46th) day after the date Response Costs are due and shall continue to accrue through the date of the payment. Payments of Interest made under this paragraph shall be in addition to such other remedies or sanctions available under this Settlement Agreement by virtue of Doe Run's failure to make timely payments under this Section.

28. Doe Run, may dispute all or part of a bill for Response Costs submitted under this Settlement Agreement if it alleges that the MDNR has made an accounting error, if a cost is not a Response Cost, if it alleges that the EPA has reimbursed the MDNR for the cost item or if the cost is not authorized to be paid by Doe Run under CERCLA and/or Missouri law.

VIII. AGENCY REVIEW AND APPROVAL

29. After review of any of the plans required by this Settlement Agreement or any other document required to be submitted for approval by the State pursuant to this Settlement Agreement, the MDNR shall either: (1) approve the submittal; (2) disapprove the submittal, providing Doe Run with a written notification of the reasons for disapproval and deficiencies noted; or (3) direct that Doe Run modify the submittal,

providing Doe Run with a written notification of the reasons for the modification and all deficiencies noted.

30. In the event of an approval of the submittal by MDNR, Doe Run shall proceed to take any action required by the approved submittal, as approved by the MDNR.

31. Upon receipt of a notice of disapproval or a receipt of a requirement for a modification from the MDNR, Doe Run shall, within five (5) days or such longer time as specified by MDNR in its notice of disapproval or requirement for a modification, correct the deficiencies noted in writing by the MDNR and resubmit the submittal by delivery of such item to the MDNR.

32. After review of the resubmittal, the MDNR shall either: (1) approve the resubmittal; (2) disapprove the resubmittal, providing Doe Run with a written notification of the reasons for disapproval and deficiencies noted; or (3) direct that Doe Run modify the resubmittal providing Doe Run with a written notification of the reasons for the modification and all deficiencies noted

33. In the event of an approval of the resubmittal document by MDNR, Doe Run shall proceed to take any action required by the approved document, as approved by the MDNR.

34. Upon receipt of a notice of disapproval or a receipt of a requirement for a modification from the MDNR, Doe Run shall, within five (5) days or

such longer time as specified by MDNR in its notice of disapproval or requirement for a modification, correct the deficiencies noted in writing by the MDNR and resubmit the document by delivery of such item to the MDNR.

35. Upon a resubmission under paragraph 31 hereof, of the revised document, the MDNR shall either approve such resubmittal, or shall disapprove such resubmittal and notify Doe Run as of the date of such in writing. Doe Run shall be entitled to invoke the dispute resolution procedures set out in section XI regarding any such disapproval.

IX. ATTORNEYS' FEES AND COSTS

36. Each party shall bear its own attorneys' fees and costs in this action.

X. MODIFICATION

37. The terms and conditions of this Settlement Agreement may be modified by executed agreement between Doe Run and the State. All such modifications shall be in writing.

XI. DISPUTE RESOLUTION

38. Any dispute that arises between Doe Run and MDNR under or with respect to this Settlement Agreement shall in the first instance be the subject of informal negotiations which shall not exceed thirty (30) days from the time the dispute arises, unless it is extended by written agreement between Doe Run and MDNR. The

dispute will be considered to have arisen when one party notifies the other in writing that a dispute exists. Failure to send such a notice for any reason will not in any way forgive any violation of this Settlement Agreement by Doe Run or affect the remedies available to the State or MDNR with respect thereto. If the parties are able to resolve the dispute through informal negotiations, the resolution of the dispute shall be reduced to writing, signed by both parties and filed with the Missouri Air Conservation Commission.

39. In the event the parties are unable to resolve a dispute by informal negotiations under the preceding paragraph, either of the parties may request a hearing before the Missouri Air Conservation Commission. The burden of proof in any such proceeding shall be in accordance with applicable law.

XII. EFFECTIVE DATE

40. Except as otherwise provided, the effective date of this Settlement Agreement shall be the date upon which it is signed by the MDNR.

XIII. TERMINATION

41. This Settlement Agent shall terminate upon the date that the obligations specified in this Settlement Agreement have been met, and upon payment of any outstanding penalties and oversight costs.

WE HEREBY CONSENT to the entry of this Settlement Agreement:

DEPARTMENT OF NATURAL RESOURCES

STATE OF MISSOURI

Original signed by Stephen M. Mahfood

Date: 4-26-02

Stephen M. Mahfood
Director

JEREMIAH W. (JAY) NIXON

Attorney General

Original signed by Shelley A. Woods

Assistant Attorney General

THE DOE RUN RESOURCES CORPORATION

BY: *Original signed by Jeffery Zelms*

TITLE: President and CEO